

SUPERINTENDENT OF PUBLIC INSTRUCTION

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Subchapter 1

Procedures for Isolation Classification

10.30.101 APPLICATION INFORMATION (1) The trustees of a district applying to have a school classified as an isolated school shall provide information as requested by the Superintendent of Public Instruction. Isolation status shall be approved for a period of three consecutive school years, or until there are changes in the approval criteria documentation provided to the Superintendent of Public Instruction. If during that period there are changes in the conditions allowing isolation classification, or the school is no longer accredited by the Board of Public Education, isolation classification is terminated. (History: 20-3-106, MCA; IMP, 20-9-302, MCA; TRANS & AMD, 1990 MAR p. 505, Eff. 3/16/90.)

10.30.102 APPROVAL CRITERIA (1) Trustees must submit the application for isolation status as required by 20-9-302, MCA, to the county superintendent by May 1 of the second consecutive year in which the average adjusted enrollment as calculated in ARM 10.20.102(15) results in ANB of less than 10 elementary or 25 high school students for the ensuing fiscal year.

(2) In considering a request for approval of an application to have a school classified as an isolated school, the State Superintendent of Public Instruction shall utilize the following criteria:

(a) an application form has been completed by the trustees, received by the county superintendent, approved by the board of county commissioners, and received by the Superintendent of Public Instruction pursuant to the provisions of 20-6-502(4) and 20-9-302, MCA;

(b) the applicant school is an operating elementary school district of less than 10 ANB or a high school of less than 25 ANB for the second consecutive year;

(c) another operating school(s) with room to accommodate applicant's students is further than a distance of 20 passable road miles from applicant school; and

(d) less than 50% or more of the students from the applicant school can, under normal conditions, be transported to the closest operating school(s) in a period of one hour or less.

(i) in determining transportation time to the closest operating school with room to accommodate students, available bus transportation, either elementary or high school, will be taken into consideration.

(ii) if a family member rides a bus to another school, that bus will be considered as available transportation for an elementary child in the same family if the bus provides transportation to an available operating school with room to accommodate the student.

(e) extenuating circumstances which support a variance from the requirements of (2)(a) through (d); must be documented for consideration by the State Superintendent of Public Instruction. (History: 20-3-106, MCA; IMP, 20-6-502, 20-9-302, MCA; TRANS & AMD, 1990 MAR p. 505, Eff. 3/16/90; AMD, 1994 MAR p. 1824, Eff. 7/8/94; AMD, 2002 MAR p. 1740, Eff. 6/28/02; AMD, 2004 MAR p. 1613, Eff. 7/23/04.

Subchapter 2

Opening Middle Schools

10.30.201 APPROVAL CRITERIA--MIDDLE SCHOOL (1) In considering a request for approval to open a middle school, the Superintendent of Public Instruction shall utilize the criteria set forth below:

(a) the program must comprise the work of grades 4 through 8 or any combination thereof, as defined in 20-6-501 (1), MCA;

(b) the middle school must be organized and administered to provide a cohesive unit within the educational system of the school district. A cohesive unit shall be interpreted as a portion of a school system which is located in one area of the school facilities, is under the overall direction of a single administrative leadership, and is easily identifiable as a unique school unit;

(c) sufficient evidence must be provided that, if established, the middle school can meet state accreditation standards for middle schools adopted as set forth in Title 10, chapter 55 by the Board of Public Education;

(d) other factors may be taken into account which are deemed reasonable and appropriate to consider in establishment of a middle school. (History: 20-3-106, MCA; IMP, 20-6-507, MCA; TRANS & AMD, 1990 MAR p. 505, Eff. 3/16/90.)

Subchapter 3

Opening Junior High Schools

10.30.301 APPROVAL CRITERIA--JUNIOR HIGH SCHOOL (1) In considering a request for approval to open a junior high school, the Superintendent of Public Instruction will utilize the criteria set forth below:

(a) the program will comprise the work of grades 7 through 9 or their equivalents, as defined in 20-6-501 (2)(a), MCA;

(b) the junior high school must be organized and administered to provide a cohesive unit within the educational system of the school district. A cohesive unit shall be interpreted as a portion of a school system which is located in one area of the school facilities, which is under the overall direction of a single administrative leadership and which is easily identifiable as a unique school unit;

(c) sufficient evidence is provided that, if established, the junior high school can meet state accreditation standards for junior high schools as set forth in Title 10, chapter 55 by the Board of Public Education;

(d) other factors may be taken into account which are deemed reasonable and appropriate to consider in establishment of a junior high school. (History: 20-3-106, MCA; IMP, 20-6-504, 20-6-505, MCA; NEW, 1990 MAR p. 505, Eff. 3/16/90.)

Subchapter 4

K-12 Districts

10.30.401 DEFINITIONS (REPEALED) (History: 20-3-106, MCA; IMP, 20-6-701, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; REP, 1994 MAR p. 1824, Eff. 7/8/94.)

10.30.402 CREATION OF K-12 DISTRICTS (1) A request to the county superintendent or, if the districts involved are joint districts, to the county superintendent of the located district to order the attachment of an elementary district and a high school district with the same boundaries, may be introduced by:

(a) a single resolution by the joint board of trustees of an elementary and high school district with the same boundaries; or

(b) resolutions by each of the boards of trustees of the districts that would become part of a K-12 district, if the boards are not joint.

(2) Each resolution must include the legal name of each of the districts, a statement that the two districts share the same boundaries, a statement of the combining of the bonded indebtedness of the districts through the assumption by the high school district of the bonded indebtedness of the elementary district upon attachment, and the effective fiscal year of the attachment.

(3) Each resolution must be filed in time to allow the trustees to prepare the budgets and hold mill levy elections within the legal statutory timeframes.

(4) If for any reason an elementary district's boundaries become the same as a high school district's boundaries, it must attach to the high school district to establish a K-12 district by July of the ensuing fiscal year unless exempt under 20-6-701, MCA. (History: 20-3-106, MCA; IMP, 20-6-701, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; AMD, 1994 MAR p. 1824, Eff. 7/8/94; AMD, 1996 MAR p. 2168, Eff. 8/9/96; AMD, 1998 MAR p. 1719, Eff. 6/26/98.)

10.30.403 TRANSITION TO K-12 DISTRICTS (1) When an attachment order has been communicated to the board of county commissioners pursuant to 20-6-701, MCA:

(a) The board of county commissioners and the board of trustees of the elementary district will proceed to prepare all instruments necessary to convey title to the real and personal property of the elementary district to the high school district, so that these instruments may be executed and effective as of July 1 of the fiscal year of the attachment;

(b) The officials of the elementary district trustees shall entrust the district official records and all district property and materials to the high school district trustees on July 1 of the year of the attachment;

(c) The county treasurer, in accordance with procedures established by the department of commerce and the State Superintendent of Public Instruction, shall transfer all elementary district fund balances to the high school district's funds effective July 1 of the year of the attachment. The K-12 school district will assume the cash and liabilities of the attached elementary district, and will maintain a single budgeted or nonbudgeted fund for each of the authorized funds of the K-12 district for the costs of operating all grades and programs of the district, pursuant to accounting and reporting procedures prescribed by the Office of Public Instruction.

(2) The board of trustees of the high school district will become the trustees of the K-12 district effective July 1 of the year of the attachment.

(3) End-of-year elementary district fiscal and non-fiscal reporting will be completed as required for the elementary district for the school year prior to the formation of a K-12 district. If the end-of-year elementary reporting is due after the effective date of the formation of the K-12 district, the reports shall be completed and filed by the officials of the newly formed K-12 district.

(4) The elementary and high school district officials shall prepare a single budget per fund for the K-12 district for the effective year of formation of the K-12 district, and for each year thereafter, using the forms and procedures established by the State Superintendent of Public Instruction.

(a) The school district general fund budget limitations established by 20-9-308, MCA, shall be determined for K-12 districts in the following manner:

(i) The budget limitations shall be applied to the combined total of the elementary and high school budgets for the fiscal year prior to the effective fiscal year of the attachment. For each year thereafter, the budget limitations shall be applied to the prior year K-12 district budget.

(ii) In order to determine equalized status of a transition K-12 school district for the ensuing fiscal year, the district shall make the following calculation:

| | |
|---|----|
| Current FY 20XX Elementary BASE Budget Limit | 1a |
| Current FY 20XX High School BASE Budget Limit | 1b |
| Combined BASE Budget Limit (1a+1b) | 1c |
| Current FY 20XX Elementary Maximum General Fund Budget Limit | 2a |
| Current FY 20XX High School Maximum General Fund Budget Limit | 2b |
| Combined Maximum General Fund Budget Limit (2a+2b) | 2c |
| FY 20XX Elementary Adopted General Fund Budget | 3a |
| FY 20XX High School Adopted General Fund Budget | 3b |
| FY 20XX Combined Adopted General Fund Budget (3a+3b) | 3c |

If 3c is less than or equal to the Maximum General Fund Budget (line 2c), the K-12 district will be considered "equalized" in the ensuing school year (FY 20XX+1). If not, then the K-12 district will be considered "not equalized" for the ensuing school year.

(b) For the purpose of determining guaranteed tax base aid, the BASE budget levy amount for a K-12 district will be prorated between elementary and high school programs using the ratio of the elementary GTBA budget area to the high school GTBA budget area.

(i) The ratio for prorating the BASE budget levy will be determined in the following manner:

Calculation of ratio for proration of GTBA budget area

| | Elem. | H.S. | K-12 |
|---|--------------|--------------|-------------|
| (A) 80% of Basic Entitlement | — | — | — |
| (B) 80% of Per-Student Entitlement | — | — | — |
| (C) Special Education Allowable | | | |
| Cost Payments: | | | |
| (I) Allowable costs, including disproportionate cost reimbursement times (Elementary current ANB divided by total K-12 ANB) | — | | |
| (II) [Allowable costs, including disproportionate cost reimbursement times (High School current ANB divided by total K-12 current ANB)] | | — | |
| (III) Total K-12 allowable cost payments | | | — |
| (D) Related Services Payment to Co-op | — | — | — |
| (E) 40% of Special Education Allowable Costs & Related Services Payment to Co-op [40 times (C)+(D)] | — | — | — |
| (F) BASE Budget Limit | — | — | — |
| [(A)+(B)+(C)+(E)] | — | — | — |
| (G) Direct Aid Payment [(A+B) times the direct state aid percentage in 20-9-306, MCA] | <u>G1</u> | <u>G2</u> | <u>G3</u> |
| (H) GTBA Budget Area [(F)-(G)-(C)] | <u>H1</u> | <u>H2</u> | <u>H3</u> |
| (I) Prorated GTBA Budget Area | <u>H1/H3</u> | <u>H2/H3</u> | <u>100%</u> |

(ii) The eligibility for guaranteed tax base aid will be determined for the elementary prorated portion and for the high school prorated portion using the procedures established for elementary and high school districts set out in ARM 10.21.101F, on the Office of Public Instruction budget forms. The K-12 district will be eligible to receive the sum of the amounts of guaranteed tax base aid determined for both the elementary and high school prorated portions, or for a single portion if eligibility is determined only for the elementary or the high school portion of the BASE budget amount.

(c) After the resolution to attach and establish a K-12 district, the trustees of the K-12 district will submit a single proposition to the voters for the amount of the K-12 general fund budget that must be submitted to the electorate.

(5) For the initial year of the K-12 district, eligibility for program funding, established by the State Superintendent of Public Instruction in the year prior to the formation of the K-12 districts, will be transferred to the K-12 district. Characteristics of the districts (i.e., enrollment, expenditures, low-income data, needs assessment) may be calculated based on the combined districts' characteristics if the funding would be adversely affected when calculated separately, and if allowed by program requirements. Following the initial year of the K-12 district, funding eligibility will be determined for K-12 programs as a single district, or per specific program requirements.

(6) All certified employees of the elementary and high school district who have the right of tenure under Montana law will continue to have tenure in the K-12 district, and all non-certified employees of the elementary district must be given preference in hiring for any K-12 district position for which the employee has substantially equal qualifications, pursuant to 20-6-711, MCA. (History: 20-3-106, MCA; IMP, 20-6-702, 20-6-703, 20-6-711, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; AMD, 1994 MAR p. 1824, Eff. 7/8/94; AMD, 1996 MAR p. 2168, Eff. 8/9/96; AMD, 2000 MAR p. 632, Eff. 2/25/00; AMD, 2004 MAR p. 1613, Eff. 7/23/04; AMD, 2006 MAR p. 3070, Eff. 12/22/06.)

10.30.404 DISTRICT EQUALIZATION FUNDING (1) State equalization funding for the K-12 district will be determined in the following manner:

(a) the direct state aid payments will be distributed to the K-12 district based on calculations pursuant to 20-9-306, MCA, determined by grade level program for budget units of the district.

(b) the special education funding will be distributed to the K-12 district based on 20-9-321, MCA, as a total of the allowable cost payments for the special education elementary and high school programs of the K-12 district.

(c) for purposes of determining budget limits and eligibility for GTB aid, state special education payments provided to cooperatives for related services will be added with the payment granted directly to the K-12 districts based on separate elementary and high school program calculations as set out in ARM 10.22.102.

(d) the school facility reimbursement will be distributed to K-12 districts per ARM 10.21.101I with each bond identified with date of issue and level of indebtedness.

(2) The basic county tax for the elementary BASE funding program and the basic special tax for the high school BASE funding program will continue to be assessed based on the elementary district and the high school district taxation structure. (History: 20-3-106, MCA; IMP, 20-6-702, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; AMD, 1994 MAR p. 1824, Eff. 7/8/94; AMD, 1998 MAR p. 1719, Eff. 6/26/98; AMD, 2000 MAR p. 632, Eff. 2/25/00.)

10.30.405 K-12 DISTRICT ISSUANCE OF BONDS (1) A K-12 district may become indebted by the issuance of bonds, including all outstanding bonds and registered warrants assumed at the time of formation of the K-12 district, up to 90% of the taxable value of the property subject to taxation, pursuant to 20-9-406, MCA. The bonded indebtedness may not exceed 45% of the taxable value for elementary program purposes and 45% for high school purposes. The exception to this limit is an elementary or high school that qualifies for guaranteed tax base aid under provisions of 20-9-367, MCA. For these K-12 districts, the maximum indebtedness is 45% of the sum of the statewide mill value per elementary ANB times 1000 times the elementary ANB of the district and the statewide mill value per high school ANB times 1000 times the high school ANB of the district.

(a) In addition to the requirements in 20-9-422, MCA, a K-12 district resolution for election to authorize the issuance of bonds must indicate the portion of the bond obligation which will be considered an obligation for the elementary program and the portion which will be considered an obligation for the high school program.

(b) In order to determine the total percent of bonded indebtedness attributed to either the elementary (prekindergarten through grade 8) program or the high school (grades 9 through 12) program, the board of trustees shall do the following calculation:

| <u>bonded indebtedness</u> | <u>elementary program</u> | <u>high school program</u> | <u>total</u> |
|---|-------------------------------|--------------------------------|--------------|
| (i) amount remaining from individual district indebted- ness incurred prior to formation of K-12 district | _____ | _____ | _____ |
| (ii) amount remaining from indebtedness incurred as a K-12 district, times the percent of obligation for each program as indicated on adopted bond resolution in (a) | _____ | _____ | _____ |
| (iii) total (i) + (ii) | _____ | _____ | _____ |
| (iv) taxable value of district or 45% of the statewide mill value per ANB times 1000 times the ANB of the district | _____ | _____ | _____ |
| (v) percent of indebtedness (iii) divided by (iv) | _____ % | _____ % | _____ % |

(c) The total amount of a building reserve proposition for a K-12 district, for the purposes authorized in 20-9-502, MCA, when added to the existing indebtedness of the district, may not exceed the limitations set forth in 20-9-506, MCA. (History: 20-3-106, MCA; IMP, 20-9-406, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; AMD, 1994 MAR p. 1824, Eff. 7/8/94.)

10.30.406 EXCEPTIONS TO HIGH SCHOOL PROVISIONS (1) The K-12 school district is subject to the provisions of law for high school districts except for those situations set out in Title 20, chapter 6, MCA, and this title.

(a) The retirement fund of a K-12 district will be a high school retirement fund, and the eligibility for guaranteed tax base aid will be determined based on the high school mill value per ANB. The guaranteed tax base aid payment for the high school retirement fund will be awarded to a county with a K-12 district using the number of high school budgeted ANB in the county plus the elementary budgeted ANB of any K-12 district in the county times the statewide subsidy per mill per ANB as calculated by the Superintendent of Public Instruction. The guaranteed tax base aid payment for the elementary retirement fund will be awarded to a county with a K-12 district using the number of elementary budgeted ANB from elementary districts in the county, but not including the elementary ANB from any K-12 districts in the county. However, the calculations for the statewide and the county mill value per ANB will utilize the elementary budgeted ANB of the K-12 district for the statewide and county elementary calculation and the high school budgeted ANB of the K-12 district for the statewide and county high school calculation.

(b) Tuition calculations will be determined separately for high school and elementary pupils using the rates established in ARM 10.10.301. Tuition will be budgeted in a single K-12 district fund and payment financed as set out in 20-5-324, MCA, for the elementary and high school tuition amounts.

(c) Unusual enrollment increase eligibility, pursuant to 20-9-314, MCA, will be determined separately for elementary enrollment and for high school enrollment, and not based on total K-12 district enrollment.

(d) The end-of-year fund balance of a K-12 school district lease or rental agreement fund which exceeds \$20,000 shall be transferred to the general fund of the district. (History: 20-3-106, MCA; IMP, 20-6-702, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; AMD, 1994 MAR p. 1824, Eff. 7/8/94; AMD, 1996 MAR p. 2168, Eff. 8/9/96; AMD, 2006 MAR p. 3070, Eff. 12/22/06.)

10.30.407 DISSOLUTION OF K-12 DISTRICTS (REPEALED) (History: 20-3-106, MCA; IMP, 20-6-712, MCA; NEW, 1992 MAR p. 226, Eff. 2/14/92; REP, 1994 MAR p. 1824, Eff. 7/8/94.)

Rules 10.30.408 through 10.30.414 reserved.

10.30.415 DISSOLUTION OF K-12 DISTRICTS (1) If a K-12 district has voted to dissolve in order to consolidate with one or more K-12 or non-K-12 districts or if the trustees of the district have passed a resolution to dissolve the K-12 district under the exception provided in 20-6-704(2), MCA, the following shall apply:

(a) To determine prior year adopted budget amounts for the elementary and high school portions of the dissolved K-12 district, divide the adopted budget of the K-12 district for the last school year by the maximum budget limit of the K-12. Multiply the result times the maximum limit portion as determined by the elementary program and times the maximum limit portion as determined by the high school program.

(b) To determine prior year ANB for the elementary and high school portions of the dissolved K-12 district to be used to calculate spending limitations for the consolidated district(s), use budgeted ANB per elementary portion and budgeted ANB per high school portion of the K-12 from the prior year. (History: 20-3-106, MCA; IMP, 20-6-704, MCA; NEW, 1996 MAR p. 2168, Eff. 8/9/96; AMD, 1998 MAR p. 1719, Eff. 6/26/98; AMD, 2006 MAR p. 3070, Eff. 12/22/06.)